

STATEMENT OF SENATOR JEAN CARNAHAN

Senate Committee on Commerce, Science, and Transportation Subcommittee on Consumer Affairs, Foreign Commerce and Tourism Hearing On West Coast Gas Prices April 25, 2001

Thank you, Mr. Chairman. I welcome this opportunity to be with you, our fellow Committee members and distinguished guests to participate in this important hearing.

Although our focus here today is on the price of gas on the West Coast, this is an issue that affects all of us nationwide, no matter where we reside.

As you know, I have been in office only a few short months. However, I have received hundreds of phone calls and letters from angry and distraught constituents in Missouri who, like your constituents in Oregon, California or most anywhere on the West Coast, are faced with the somewhat painful reality of today's national energy market.

Many consumers have experienced sharp increases in the prices of gasoline, natural gas, home heating oil and electricity. Many in Missouri who use natural gas are paying double and triple what they paid last year to heat their homes and businesses. The cost of a gallon of unleaded, self-serve regular gasoline in the St. Louis area has shot up from \$1.31 to \$1.69. That's 38 cents in less than four weeks.

And with the high-demand summer season less than five weeks away, we are hearing that we should brace ourselves for more price spikes in the near future.

These price spikes, combined with the crisis in California and the current debate about a national energy policy, have left many consumers surprised and angry about energy costs and anxious about the immediate future.

Further complicating this issue and contributing to consumer unease are reports in the media about the possibility of companies intentionally manipulating the oil and gas markets to strategically benefit from certain market conditions.

These types of allegations are of great concern to all of us nationwide.

We would like to believe that, in the complicated world of energy transactions, we have a structure in place that would look out for the general public and would protect the interests of working families, our elderly on fixed incomes, and others who often struggle to make ends meet.

As many of you may know, Senator Lieberman and I, on behalf of a number of our colleagues on the Governmental Affairs Committee, recently wrote to the General Accounting Office to express our concern about recent reports that market power has been abused in the transmission of natural gas in California. It is alleged that this, in turn, has contributed to the spiraling cost of electricity generation in the state.

We have asked Mr. Wells and his colleagues at the GAO to use their oversight authority to review whether the Federal Energy Regulatory Commission, or FERC, is up to the task of protecting consumers and safeguarding the public interest as it works to promote competitive energy markets.

Although this review will take some time, I hope that anything we learn from the GAO review will help us position ourselves to better handle changes not only in the natural gas market, but in all of our energy markets.

In that light, I hope our review today of West Coast gas prices will help us as well. I look forward to hearing from each of you.

Mr. Chairman and Senator Wyden, I thank both of you for calling for this hearing today and look forward to working with the Subcommittee on an ongoing basis to review this issue that affects us all.